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I would like to express my support for SB 420, AN ACT ESTABLISHING A PILOT PROGRAM TO IDENTIFY RESIDENTS WITH UNMET NEEDS BASED ON UNPAID WATER UTILITY BILLS. SB 420 would require Office of Policy and Management to establish a pilot program to identify residents with unmet needs based on unpaid water utility bills for the purpose of implementing programs to assist such residents in meeting their needs. It would seem that an unpaid water bill is likely to signal a family in trouble. Water is a necessity; it is not optional. It is not cable television. Instigating collection actions against a resident with an unpaid water bill will only exacerbate an already difficult financial status.

I am attaching an article from Governing magazine that describes similar programs in other states. These voluntary programs generally identify and contact residents with unpaid water bills. These residents are then asked to participate in a program which offers financial counseling and discovers what other assistance programs (such as food stamps, Medicaid, childcare assistance, and energy assistance) for which the resident is eligible. This counseling is designed to improve the financial stability of the resident. The programs usually also offer a smaller down payment to have the water turned back on and an extended timeframe to repay the outstanding debt. I believe a program such as this would assist Connecticut families who are in dire financial circumstances and help them get back to greater financial health. Thank you for raising this important legislation.

City Pilot Uses Late Water Bills to Help the Poor

While Detroit used unpaid bills to cut off water service to thousands of people, five other cities are using those same outstanding payments to identify and help people in need.

BY J.B. WOGAN | JULY 29, 2014

The problem of uncollected water utility payments became national news this spring when Detroit notified some 46,000 customers in May that they were in danger of getting their water cut off. The city then made good on its threat, cutting service to more than 4,000 residences and businesses.

Uncollected water bills are a big issue for Detroit's water utility, where roughly half of its 300,000 accounts are past due and customers owe \$90 million in outstanding bills. But Detroit isn't alone. Unpaid water bills are a common challenge in large urban areas across the country. "If someone is in debt to a municipal authority, be it the courts, hospitals or utilities," said Denise Belser, a program manager at the National League of Cities (NLC), "it's probably a good guess that they're having a much bigger issue."

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Belser is part of a team at NLC working with five cities on a two-year pilot project called LIFT-UP that aims to improve payment rates while helping residents achieve economic stability. The pilot reframes the importance of missed utility payments: Yes, they represent lost revenue for the city, but they are also a way of identifying people in financial distress who need help.

The five participating cities -- Houston; Louisville, Ky.; Newark, N.J.; Savannah, Ga.; and St. Petersburg, Fla. -- each have a slightly different version of the pilot, though the general idea is to target a sample of customers in low-income neighborhoods that have outstanding bills. In the five pilot cities, about a third of utility customers have late payments, Belser said.

Most cities are in the beginning stages of the experiment, but Savannah launched its pilot last August. Program participants there have to be utility customers who have had their water cut off at least once in the past two years and now owe anywhere from \$150 to \$500. By joining the pilot, residents can make a smaller downpayment to keep the water running (25 percent of their outstanding bill, rather than 50 percent). They can also extend the timeframe for repaying the rest of the debt from the usual 10 days to four months. Once they've completed the program, they also stand to receive \$50 credited to their next water bill, paid for by private foundations supporting the pilot.

In exchange for participation, utility customers have to take a one-on-one financial counseling session with a nonprofit provider. During the session, residents get help strategizing ways to keep up with future bills. The nonprofit also helps them see if they are eligible for public assistance programs, such as food stamps, Medicaid, child care assistance and subsidies to pay energy bills.

So far, Savannah has recruited at least 50 participants and 13 have completed the program. Completion means that customers have paid off their outstanding bills. Sometimes, however, it's possible that some pay off their debt by not keeping up with other current payments, one potential weakness of the pilot's design.

In Detroit, the rationale behind mass service cuts was that many customers had the means to pay, but chose not to. "I think it's been common knowledge that the water bill has been placed on the back burner [by some customers], in part because we haven't been aggressive enough," said Gregory Eno, a spokesman for the Detroit Department of Water and Sewerage. As proof that customers could afford to pay, Eno pointed to the fact that of the 4,531 customers who had their water shut off in May, 84 percent paid off their water bills and had their water turned back on within 48 hours.

In Savannah, utility debts appear to be a result of low wages in restaurant and hotel jobs, coupled with widespread unemployment and underemployment, said Robyn Wainner, who is overseeing the pilot for a quasi-governmental nonprofit called Step-Up Savannah. Without enough money to go around, people are prioritizing some costs over others. "People feel like they can pay the water bill with less urgency than they might have to pay their rent or their electric bill," she said. "But people are challenged with paying all of those bills."

NLC's Belser warns that aggressive debt collection efforts might exacerbate living conditions for customers already struggling financially, undoing work by many cities to assist the poor. Meanwhile, cutting off people's water can be costly and likely ineffective in maximizing city revenues.

After more than a month of negative press by national media outlets, Detroit is launching a financial assistance program in August for poor residents. A \$1.1 million fund paid for by voluntary 50-cent donations from water customers will partially match monthly payments by low-income customers whose water has been shut off or is in danger of being shut off. Once someone applies, all shut-off activities will cease, said

Eno of the Detroit Water and Sewage Department. "[But] they have to talk to us," he said. "We don't know what anybody's financial situation. We don't know if they need help."